

August 22, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	August	Buy	725-725.5	733	721	Intraday
GBP/INR	August	Buy	105.98-106.0	106.40	105.80	Intraday

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News and Developments

- Gold prices remained steady near its five month low as strong yields restricted the upside in the bullions. Further, receding fears of a US slowdown and better economic numbers from US have also eroded the appeal of Gold exchange-traded funds
- The 10-year US treasury yields rallied again to its 10-month highs amid rising expectation that the Fed will hold its rates higher for longer period
- Nymex Crude oil prices stabilises near the \$80 mark after loosing almost 1% on Monday as tight supply outweighed slow demand growth from China. Further, threats from storms and hurricanes could hamper the supply and support the oil prices to hold above the key support at \$78.
- Meanwhile, Iraq's oil minister Hayyan Abdul Ghani is planning the resumption of oil exports through the Ceyhan terminal.
- Copper prices erased most of its earlier gains and ended the day with marginal gains of 0.20% as the sentiments turned weaker amid latest stimulus measure. The PBOC reduced the 1-year prime lending rates by only 10 bps, where as kept the 5 year rate unchanged at 4.2%.
- Zinc futures remained under pressure as stocks in LME registered warehouses has more than doubled in a month to 145975 tonnes reaching its February 2022 highs.
- Nymex Natural gas futures gained the most on Monday amid rising threat of hurricanes in Atlantic. The storm activity in the Gulf of Mexico may lead to close down offshore gas production facility in the region. Prices also got support as fear of disruption erupts in Australia amid strike in two major gas producing organisations.

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	58853	0.16%	1894.93	0.30%
Silver	71662	2.03%	23.31	2.45%
Copper	727.4	0.14%	8274.50	0.41%
Aluminium	198.2	0.15%	2144.00	0.33%
Zinc	212.3	0.43%	2317.50	0.76%
Lead	186.5	0.54%	2165.00	0.72%
WTI Crude Oil	6730	-0.62%	80.72	-0.65%
US Nat Gas	218.6	3.02%	2.63	3.18%

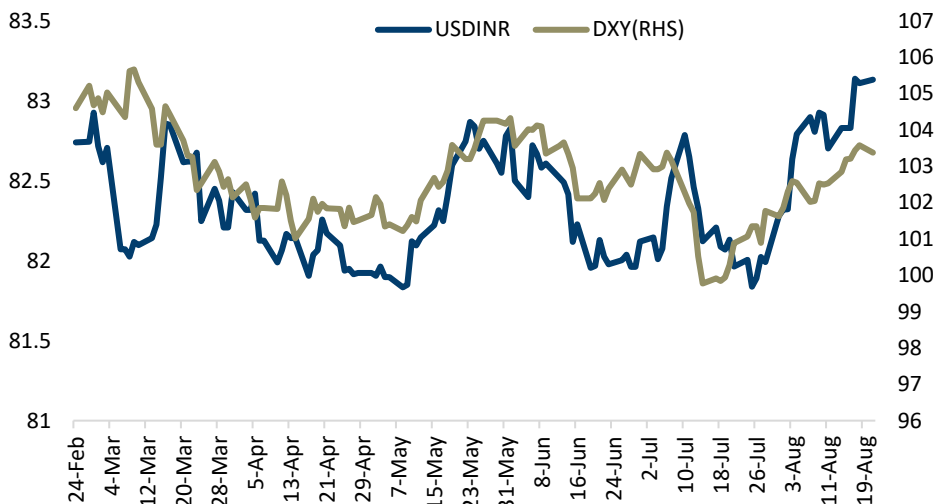
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (29th Aug)	83.15	0.02%	3041492	9628	1322780	-156565
EURINR (29th Aug)	90.71	0.38%	154830	-4266	126294	-2019
GBPINR (29th Aug)	106.01	0.35%	302983	12567	206885	-45123

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Silver Mini	August	Sell	70850-70900	69800	71400	Stoploss Triggered
USDINR	August	Buy	83.09-83.10	83.35	82.95	Profit booked

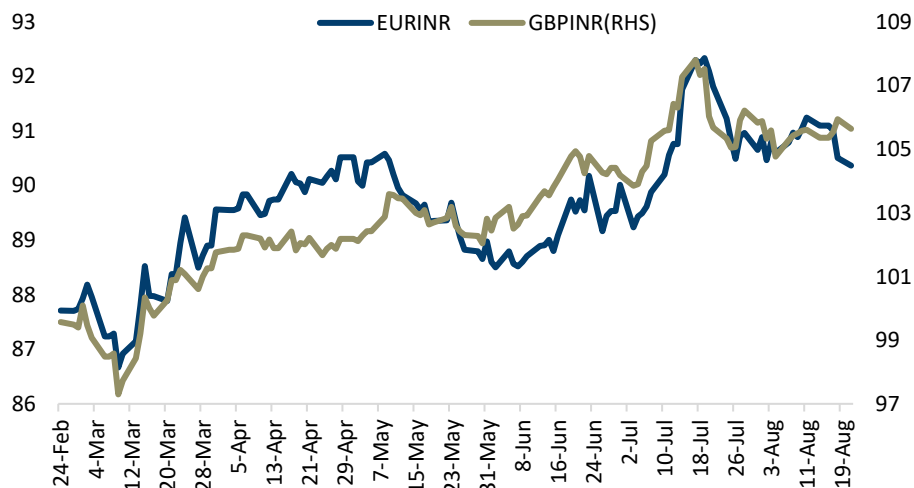
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended little changed yesterday despite of softness in dollar and improved domestic market sentiments
- Rupee is likely to face the hurdle near 83.20 level amid softness in dollar, decline in crude oil prices and improved Asian market sentiments. Dollar is showing some weakness on expectation of disappointing economic data from US. Additionally, investors braced for central bankers gathering at Jackson Hole Symposium for outlook on interest rates. US\$INR is likely to remain in the range of 82.90-83.20. Only a move above 83.20 would bring fresh buying interest in the pair. Similarly, a move below 82.90 would push the pair towards 82.80 level

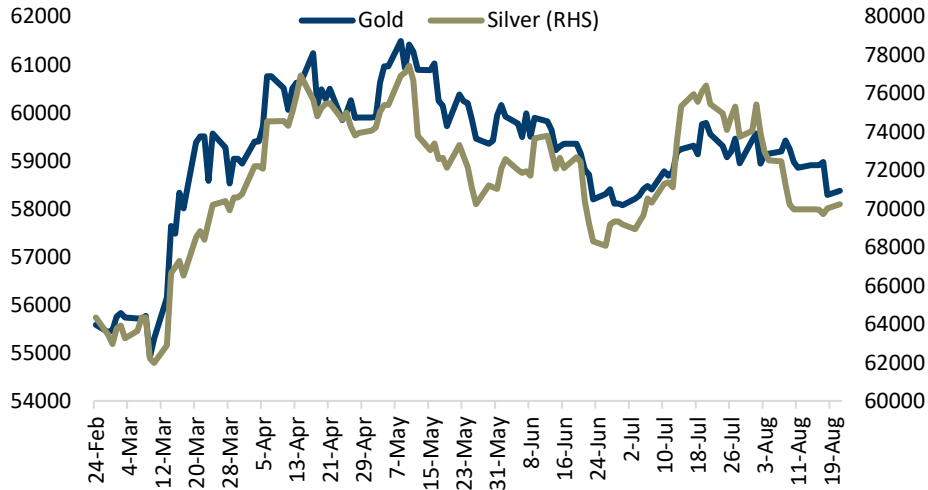
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro ended on positive note amid soft dollar, surge in European government bond yields and rise in risk appetite in the domestic markets. For today, EURUSD is likely to rise towards 1.0950 level as long as it trades above 1.0880 level on the back of weak dollar and expectation of improved economic data from euro area. EURINR may hold the support near 90.30 level and rise towards 91.00 level
- Pound edged higher aided by weakness in dollar and rise in government bond yields. For the day, the pair is expected to move north towards 1.2820 level as long as it stays above 1.2730 level amid soft dollar and on anticipation that BOE will continue to hike rates. Further, pound may rally on expectation of improved economic data from Britain. GBPINR is likely to move higher towards 106.50 level as long as it trades above 105.70 levels

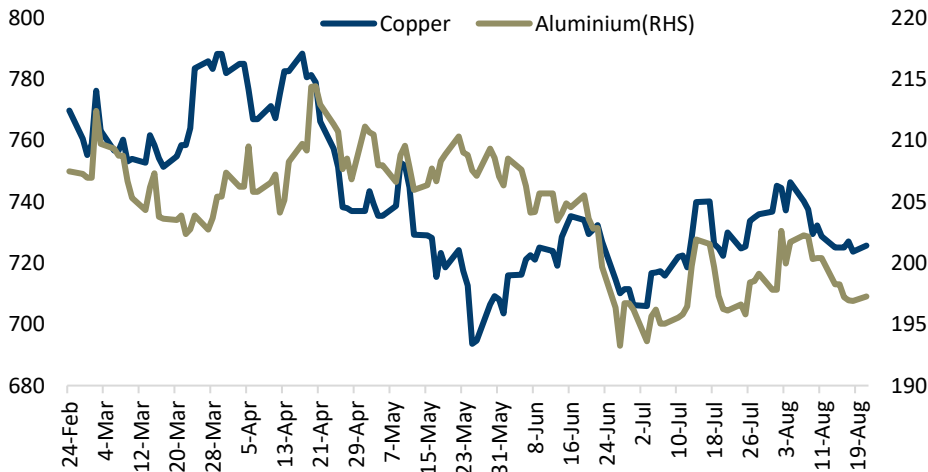
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely to face the hurdle near the \$1903 and weaken towards \$1885 amid rise in US treasury yields. Yields are rising on expectations that US Fed will keep interest rates higher for longer duration amid resilient US economy. Meanwhile, focus shifts towards Fed chair's speech in this week's Jackson Hole meeting.
- MCX Gold futures is expected to remain in between 58200-58600. Only a move outside of the range would bring more clarity in its direction. Above 58600 it would rise towards 59000. Similarly, below 58200 it would weaken it towards 58000.
- MCX Silver has breached the initial hurdle at 71000. Now it is expected to rise towards 72200, as long as it holds above 71000 level.

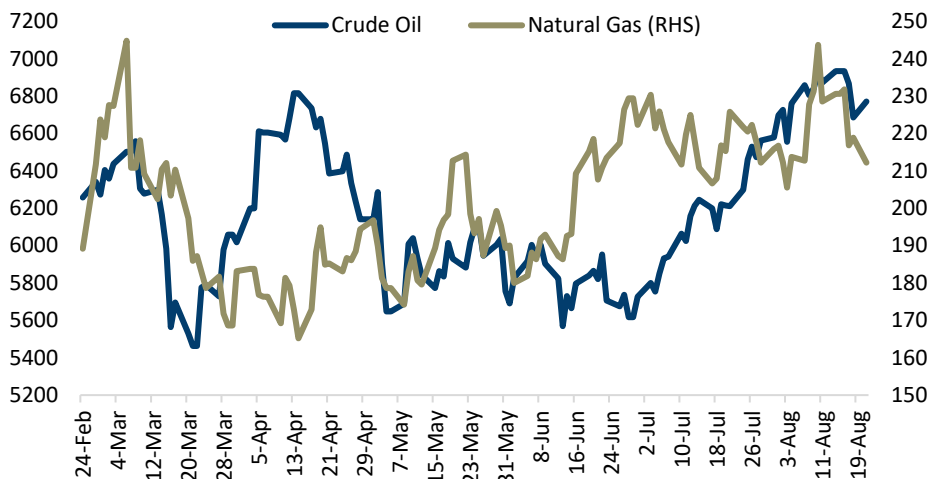
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to extend its rebound amid hopes of more stimulus from the top metal consumer China. Further expectation of a demand pick-up in Autumn season could also support the red metal. Meanwhile rising inventory levels in LME could restrict more upside in the metal
- MCX Copper is likely to hold the support near 724 and push the price towards 731. Above 731 it would rise back towards the 200 day EMA at 734.
- MCX aluminium is hold its ground near 195 and move back towards the immediate resistance at 198-199 zone.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to move in a tight range of \$79-81.50 amid mixed set of factors. The prospects of tighter markets this year after steep cuts from OPEC+ nations could limit the downside. Whereas, weaker economic sentiments from China and rising expectation of higher interest rates for longer period by the Fed could restrict the upside in oil prices.
- MCX Crude oil is likely to consolidate in between 6650-6850. Only a move above 6850 would rise towards 6950
- MCX Natural gas is expected to face the hurdle near 222 and weaken towards 212 amid forecast of cooler weather and higher inventories in US.

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	58491	58672	58836	59017	59181
Silver	69707	70685	71207	72185	72707
Copper	721.7	724.6	727.0	729.8	732.2
Aluminium	195.4	196.8	197.6	199.0	199.9
Zinc	209.1	210.7	211.6	213.1	214.0
Lead	185.0	185.7	186.2	186.9	187.4
Crude Oil	6615	6672	6763	6820	6911
Nat Gas	212	215	218	222	225

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Aug)	83.01	83.08	83.14	83.21	83.27
US\$INR (Sep)	83.07	83.15	83.22	83.30	83.36
EURINR (Aug)	90.31	90.51	90.63	90.83	90.95
EURINR (Sep)	90.44	90.66	90.79	91.01	91.13
GBPINR (Aug)	105.52	105.76	105.92	106.16	106.32
GBPINR (Sep)	105.62	105.86	106.01	106.25	106.40
JPYINR (Aug)	56.93	57.03	57.18	57.28	57.43
JPYINR (Sep)	57.25	57.35	57.52	57.63	57.80

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	103.30	103.38	-0.07%
US\$INR	83.11	83.11	0.01%
EURUSD	1.0896	1.0873	0.21%
EURINR	90.60	90.31	0.32%
GBPUSD	1.2756	1.2734	0.17%
GBPINR	105.89	105.76	0.12%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.221	7.217	0.004
US	4.338	4.255	0.0833
Germany	2.703	2.622	0.081
UK	4.729	4.675	0.054
Japan	0.649	0.635	0.014

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
8/16/2023	8:00 PM	-6.0M	-2.4M
8/9/2023	8:00 PM	5.9M	2.1M
8/2/2023	8:00 PM	-17M	-0.9M
7/26/2023	8:00 PM	-0.6M	-2.20M
7/19/2023	8:00 PM	-0.708M	-2.0M
7/12/2023	8:30 PM	5.9M	-1.1M
7/6/2023	8:30 PM	-1.5M	-1.0M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	95325	3125	3.39%
Aluminium	491050	7500	1.55%
Zinc	145550	-425	-0.29%
Lead	56225	-225	-0.40%
Nickel	37014	-24	-0.06%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, August 21, 2023						
6:45 AM	China	1-y Loan Prime Rate	3.45%	3.40%	3.55%	High
6:45 AM	China	5-y Loan Prime Rate	4.20%	4.05%	4.20%	High
Tuesday, August 22, 2023						
11:30 AM	UK	Public Sector Net Borrowing	-	3.4B	17.7B	Medium
Day 1	All	BRICS Summit	-	-	-	Medium
7:30 PM	US	Existing Home Sales	-	4.15M	4.16M	Medium
6:00 PM	US	Richmond Manufacturing Index	-	-8	-9	Medium
Wednesday, August 23, 2023						
12:45 PM	Europe	French Flash Manufacturing PMI	-	45.2	45.1	High
1:00 PM	Europe	German Flash Manufacturing PMI	-	38.6	38.8	High
1:30 PM	Europe	Flash Manufacturing PMI	-	42.8	42.7	Medium
2:00 PM	UK	Flash Manufacturing PMI	-	45.1	45.3	High
7:15 PM	US	Flash Manufacturing PMI	-	48.9	49	High
7:00 AM	US	Flash Services PMI	-	52.4	52.3	High
Day 2	All	BRICS Summit	-	-	-	Medium
7:30 PM	US	New Home Sales	-	708K	697K	Medium
8:00 PM	US	Crude Oil Inventories	-	-	(6.0M)	Medium
Thursday, August 24, 2023						
Day 3	All	BRICS Summit	-	-	-	Medium
6:00 PM	US	Durable Goods Orders m/m	-	-4.1%	4.6%	Medium
6:00 PM	US	Unemployment Claims	-	241K	239K	High
Day 1	All	Jackson Hole Symposium	-	-	-	Medium
Friday, August 25, 2023						
1:30 PM	Europe	German ifo Business Climate	-	86.8	87.3	High
7:30 PM	US	Revised UoM Consumer Sentiment	-	71.2	71.2	High
7:35 PM	US	Fed Chair Powell Speaks	-	-	-	High
Day 2	All	Jackson Hole Symposium	-	-	-	High

Source: Bloomberg, Reuters, ICICI Direct Research



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